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AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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TO: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
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FROM: J. Tyler McCauley 
Auditor-Controller

SUBJECT: **DEPARTMENT OF PUBLIC SOCIAL SERVICES: FOOD STAMP BULK
STORAGE AGENTS – FINAL CLOSE-OUT AUDIT**

We have completed a close-out audit of the Department of Public Social Services' (DPSS) Food Stamp Bulk Storage Agents: Dunbar Armored, Inc. (Dunbar), Loomis, Fargo and Company (Loomis) and Sectran Security, Inc. (Sectran). We conducted the audit at DPSS' request.

Background

DPSS contracts with the bulk storage agents (BSAs) for the consolidated storage and distribution of food stamp coupons to issuance agents located throughout the County. Pursuant to the Code of Federal Regulations and the California Department of Social Services' Manual of Policies and Procedures, DPSS is required to annually audit their bulk storage food stamp coupons. The regulations require a unit of county government outside of the purview of the coupon issuance unit, or a certified public accountant, to perform the audits.

Prior to February 2004, the County issued food stamp coupons and cash related benefits to eligible participants through issuance agents. However, effective February 2004, the County converted to the State's Electronic Benefit Transfer (EBT) issuance system. The EBT system allows the County to place food stamp benefits on an electronic "debit" card, thereby eliminating the need for the physical distribution of food stamp coupons.

Purpose

The purpose of our review was to perform a physical count of the foods stamp inventories at the BSAs and the issuance agents, and reconcile the amounts to the Agents' (i.e., BSA and issuance agents) records. We also reviewed the controls in place to safeguard the food stamp inventories between the dates of our reconciliations and the transfer of the inventoried food stamp coupons to a centralized destruction site.

Results

We were able to physically account for all food stamps as noted on the Agents' inventory records and we verified that the food stamp inventories arrived in tact at the centralized destruction site. We also observed the shredding of food stamp coupons at the destruction site.

As a result of the County's converting to the EBT system, this constitutes our final audit of DPSS' food stamp coupons. We would like to thank DPSS staff for their cooperation during our review.

If there are any questions, please contact me, or your staff may contact DeWitt Roberts at (626) 293-1101.

JTM:DR:TK

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